

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 EUR-10 COME-00 TRSE-00 FEA-01 CIEP-01

SPC-01 NEA-06 AF-04 IO-03 PRS-01 DRC-01 /064 W

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P R 211645Z MAR 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC PRIORITY 8671

INFO USINT ALGIERS PRIORITY

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA PRIORITY

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

C O N F I D E N T I A L COPENHAGEN 0773

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, DA

SUBJ: ALGERIA STOPS CRUDE SHIPMENTS TO ESSOR DENMARK

REF: COPENHAGEN 759 (NOT TO ALGIERS)

1. ESSO DENMARK PRESIDENT LATIMER TOLD US HE
HAD BEEN INFORMED THROUGH EXXON CHANNELS MARCH 21
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THAT, EFFECTIVE THIS DATE, SONATRACH (ALGERIAN

STATE OIL COMPANY) HAS ADVISED THAT IT WILL NO LONGER PERMIT LOADINGS OF CRUDE DESTINED FOR DENMARK. ESSO REFINERY IN DENMARK HAD RUN PRINCIPALLY ARABIAN CRUDE PRIOR TO ARAB RESTRICTIONS LAST FALL. SINCE ALL ARABIAN CRUDE FOR ESSO DENMARK WAS TRANSSHIPPED VIA ROTTERDAM, SAG GAVE NO COUNTRY QUOTA FOR DENMARK. THIS QUESTION REMAINS UNRESOLVED (REFTEL). AS RESULT, ESSOR SHIFTED, INTER ALIA, TO ALGERIAN CRUDE WHICH NOW MAKES UP ABOUT 25 PERCENT (15,000 BARRELS PER DAY) OF ITS REFINERY THROUGHPUT. WITHOUT TOO MUCH DIFFICULTY, ESSO COULD MAKE UP ALGERIAN CRUDE LOSS BY ADDITIONAL IMPORTS OF NIGERIAN AND IRANIAN CRUDE. ESSO (AND GOVERNMENT, WHICH HAS BEEN ADVISED) ARE, HOWEVER, CONCERNED THAT ALGERIAN ACTION MIGHT BE FIRST STEP IN FULL ARAB BOYCOTT OF DENMARK. THIS COULD CREATE EXTREMELY SERIOUS SITUATION FOR DENMARK WHICH IS MORE THAN 90 PERCENT DEPENDENT ON IMPORTED OIL FOR ENERGY SOURCES.

2. ONLY ESSO, WE AND LIMITED NUMBER OF FONOFF AND COMMERCE MINISTRY OFFICIALS KNOW OF THIS DEVELOPMENT SO FAR. GOVERNMENT WISHES AT ALL COSTS TO KEEP THIS FROM BECOMING PUBLIC ISSUE, AT LEAST PENDING CLARIFICATION, SO AS TO AVOID INVOLVING PRESITGE OF BOTH SIDES. IT IS SENDING OUT INQUIRIES THROUGH DIPLOMATIC CHANNELS FOR FURTHER INFORMATION. EXXON HAS ASKED ITS ARMACO REPS TO CHECK CAUTIOUSLY WITH SAG ON STATUS OF DENMARK ON OIL RESTRICTIONS.

3. BEARING IN MIND CAVEATS ABOVE, AND INFORMATION ADDRESSEES MIGHT PICK UP ON DENMARK'S STATUS WITH ARABS WOULD BE HELPFUL.

4. EMBASSY COMMENT. FROM HERE, IT IS DIFFICULT TO IMAGINE WHAT ADVANTAGE ARABS COULD HOPE TO ACHIEVE BY BOYCOTTING DENMARK. IT WOULD ONLY DRIVE DANES INTO PARTNERSHIP WITH DUTCH IN OP-CONFIDENTIAL

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POSING COOPERATIVE EC POSTURE TOWARD ARABS. IT MAY BE THAT ALGERIAN ACTION IS ISOLATED INCIDENT BASED EITHER ON MISUNDERSTANDING OF VIENNA OAPEC DECISION OR A TACTICAL MOVE TO ASSUAGE IRRITATIONS OF LIBYANS AND SYRIANS.
CROWE

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